

TAXES TO PAY FOR RECOVERY AS SKY CLEARS

Mellon's Billion-a-Year Record of Debt Reduction Cited as Precedent.

By Scripps-Howard Newspaper Alliance
WASHINGTON, July 20.—There are two ways to pay the bill for economic recovery—increased taxation, and inflation.

The administration has chosen the tax method, while using a mild dose of inflation through dollar devaluation and silver purchases to boost commodity prices and shave down private indebtedness.

President Roosevelt, in setting up the recovery agencies, banked on the willingness of the people to pay the cost later as improving business puts money back into their pockets. He has found a general realization among Americans that the printing-press method of paying debts is the road to ruin.

Prepare to Meet Cost

So we will find the next congress preparing to meet the cost of recovery by increasing taxes.

Republicans are complaining about the cost. Generally they accepted the necessity of economic stimulants and voted for them in congress. For political purposes some of their spokesmen now are taking a different tack, in effect repudiating the judgment of Republicans in house and senate.

When they were in power they found the American people willing to pay the cost of a foreign war. The bright star in the crown of Andrew W. Mellon was the manner in which he carried on the work begun by a Democratic administration in cutting down the national debt, which was piled up to a new level by World war outlays.

The debt reached its previous peak in August, 1919, when it stood at \$25,596,000,000. In eleven years it was reduced more than \$9,500,000,000 to \$16,000,000,000 on Dec. 30, 1930. Then it began to climb again as depression diminished revenues.

G. O. P. Is Blamed

Payment of nearly two-fifths of the debt was accomplished despite repeated tax reductions which Mr. Mellon and congress carved from previous.

Had the Republican administration, in prosperous times, withstood political pressure and kept taxes high, the country would not now be confronted with so imposing a debt. But the achievement in reducing the total nearly a billion dollars a year during that period shows what can be done.

When the Roosevelt administration began on March 4, 1933, the debt stood at \$20,534,000,000. It is estimated that it will reach \$31,834,000,000 next July 1, which the administration anticipates will be the peak. Thereafter it hopes to begin scaling the figure down.

This is an increase of \$10,900,000.

But in the same length of time, from March 31, 1917, to Aug. 31, 1919, the public debt increased more than \$25,000,000,000. It rose from \$1,282,000,000 to \$26,596,000,000 to pay for the World war.

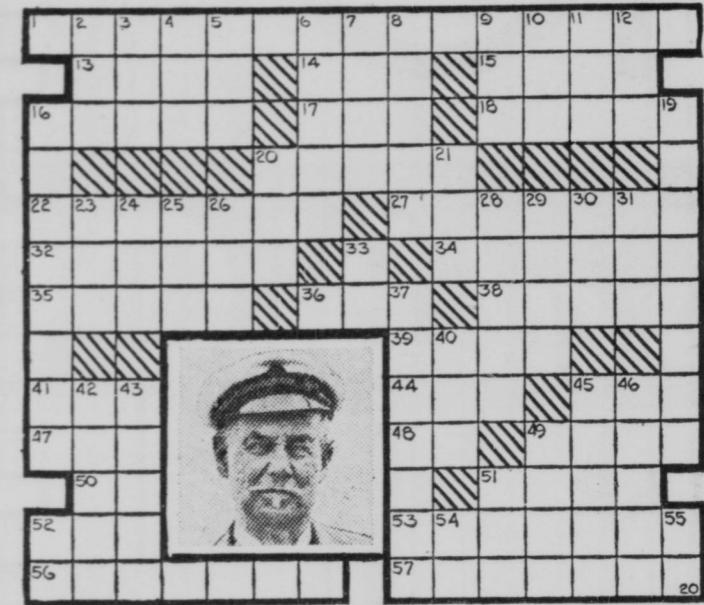
No one was alarmed about that. It was accepted as the price of war.

Report Is Encouraging

From the treasury has just come an encouraging report. Internal revenue collections increased a billion dollars in the last fiscal year. The Roosevelt recovery program already is beginning to pay cash dividends. But taxes are not yet up to the level to which willing congress raised them to pay for the war.

To prepare for further increases at the next session the house ways and means committee is making a careful study this summer. To divide the territory between local units and national government, Secretary of the Treasury Henry Morgenthau Jr. has arranged a conference with state and local officials.

HORIZONTAL		Answer to Previous Puzzle	
1	Who was the famous merchant in the picture?	LILLIAN DUSSELL	20 The heart.
13	To entice.	SOOTABA DUDAL	21 Varnish ingredient.
14	War flyer.	SLOT AVENA MOTH	23 By way of.
15	Frame of mind.	DET SWEATER SEA	24 To annoy.
16	Quantity of yarn.	ET BIN USOT RD	25 Form of "be."
17	To bow.	A GUNATE BOARD	26 Thick shrub.
18	Bear-like mammal.	KING TRYST TAXI	28 Anxieties.
20	Sea skeleton.	EULE GEM	29 Ages.
22	Flyer.	DOU LILIAN AMNG	30 Guided.
27	Balloon basket.	AIDS DUNIUS	31 Rumanian coins.
32	Looking-glass.	EDAN DASSE	33 3.1416.
34	Calling in life.	MUSICAL COMEDIES	37 Chief officer of a country.
35	Scraped the lawn.	51 Saucy.	40 Uncle.
36	Twice.	52 Rowing device.	42 Pertaining to the ear.
38	Semidiameters.	53 To sink as a ship.	43 Hair ornament.
39	Garden tools.	56 He was born in Scotland.	45 Lost to view.
41	Pussy.	57 He made his in India.	46 Devoured.
44	Aurora.	58 He called his five racing yachts —.	49 Toothlike notch.
45	Tiny vegetable.	59 He pertained to this continent.	51 To murmur as a cat.
47	Primitive Siamese.	60 Opposite of even.	52 Giant king of Bashan.
48	Ream (abbr.).	61 2900 pounds.	54 Yellow Hawaiian bird.
49	College official.	62 He was born in Ceylon.	55 Second note.
50	Sun god.	63 To regret exceedingly.	
52		64 Three.	



Local taxation is by far the heavier burden.

Congress was timid about increasing taxes at the last session. Its eyes were on the elections. An actual reduction was made in present taxes on incomes up to \$30,000. This potent source of revenue undoubtedly will be tapped when congress drafts the next tax bill.

Income tax rates in this country are the lowest of any major nation. They look small when compared with those which the British people, tightening their belts, are now paying and which recently produced a balanced budget in Great Britain.

A single man with \$3,000 taxable income pays \$20 in the United States and \$31 in England; \$3,000 taxable income in this country is \$711 in Great Britain, \$10,000, \$480 here, \$1,662 in England, \$25,000, \$2,520 here, \$7,369 there; \$50,000, \$8,600 here, \$19,654 in Great Britain.

Hand in hand with increased taxes will go the Roosevelt economy program, which already has achieved large savings in the ordinary running expenses of the government by merging bureaus, eliminating services that duplicate or overlap, and reducing expenditures. Despite the congressional revolt on behalf of war veterans, the savings through the economy act still amount to about \$375,000,000 a year.

CREW SPEARS SERPENT, BUT IT WIGGLES LOOSE
Latvians Tell of Battle With Sea Monster Off Scotland.

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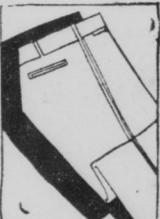


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